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JESSUPS MOTOR GROUP LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 AUGUST 1989



JESSUPS MOTOR GROUP LIMITED

DIRECTORS' REPORT

The directors submit their Report and Audited Accounts for the year ended 31 August 1989.

PRINCIPAL ACTIVITIES

The company's activities are principally within the retail motor trade with main dealer responsibility for Vauxhall-Opel, Bedford and Ford.

REVIEW OF THE BUSINESS

The directors are satisfied that the levels of performance of the company are in accord with market conditions and that the company is well placed for further progression.

RESULTS AND DIVIDENDS

Detailed results for the year are shown in the accounts and notes attaching hereto.

The directors recommend a dividend of £700,000 payable to Jessups p.l.c. (1988 - £831,000).

DIRECTORS

A list of the present directors of the company is given below. All these directors held office throughout the year covered by the accounts with the exception of Mr Joseph who was appointed on 30 October 1989. Mr Bacchus was also a director throughout the year but resigned on 30 October 1989. All of the directors were directors of the ultimate holding company, Jessups p.l.c. at 31 August 1989, and accordingly their share interests are shown in the Directors' Report of that company.

No director has any interest in the shares of the company nor of any fellow subsidiary.

A. Jessup
R.L. Joseph
W. N. Thomson

The Articles of Association do not require the directors to retire by rotation. In accordance with the Articles of Association, Mr Joseph resigns, and, being eligible, offers himself for re-election.

JESSUPS MOTOR GROUP LIMITED

DIRECTORS' REPORT (continued)

FIXED ASSETS

The movements in fixed assets are shown in Note 9 on page 9 of these accounts.

EMPLOYEE INVOLVEMENT

All executives and managers are encouraged to adopt attitudes and procedures which improve relationships with staff and this policy has been maintained throughout the year. In particular:

- a) each employee receives a company handbook detailing the many aspects of their employment with the company;
- b) informal consultation between a manager and member of their staff upon any matter of personal concern at any time is encouraged. This policy is supported by a formal procedure through staff or recognised trade union representative;

DISABLED EMPLOYEES

It is company policy to encourage good employment practises with regard to the disabled in accordance with the Government guidelines.

CHARITABLE AND POLITICAL CONTRIBUTIONS

Charitable donations were £4,500 (1988 - £1,900). There were no contributions made for political purposes.

AUDITORS

A resolution to re-appoint Deloitte Haskins & Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD


J. R. Ganney
Secretary

14 November 1989

REPORT OF THE AUDITORS

To the Members of

JESSUPS MOTOR GROUP LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 August 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

John Haskins Sells
DELOITTE HASKINS & SELLS,
CHARTERED ACCOUNTANTS,
LONDON.

14 November 1989

JESSUPS MOTOR GROUP LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 AUGUST 1989

	Notes	1989 £'000s	1988 £'000s
TURNOVER		81,263	82,515
COST OF SALES		<u>77,959</u>	<u>78,957</u>
GROSS PROFIT		3,304	3,558
OTHER OPERATING EXPENSES (net)	1	<u>597</u>	<u>726</u>
OPERATING PROFIT		2,707	2,832
INTEREST PAYABLE	2	<u>1,282</u>	<u>718</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,425	2,114
TAXATION ON ORDINARY ACTIVITIES	4	<u>513</u>	<u>791</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		912	1,323
EXTRAORDINARY ITEM	5	<u>201</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		711	1,323
DIVIDEND	8	<u>700</u>	<u>831</u>
RETAINED PROFIT FOR THE YEAR	16	<u>11</u>	<u>492</u>

JESSUPS MOTOR GROUP LIMITED

BALANCE SHEET

31 AUGUST 1989

FIXED ASSETS	Notes	1989 £'000s	1988 £'000s
Tangible assets	9	<u>7,482</u>	<u>4,990</u>
CURRENT ASSETS			
Vehicles on short term hire		1,192	1,644
Stocks	10	4,583	3,909
Debtors	11	4,153	3,477
Deposits with manufacturers		952	1,215
Amounts owed by group companies		1,123	206
Bank and cash		<u>29</u>	<u>308</u>
		<u>12,032</u>	<u>10,759</u>
CURRENT LIABILITIES			
Creditors	12	4,746	3,079
Bank Overdraft	20	6,744	3,868
Loans due within 1 year	13	-	20
Amounts owed to group companies		<u>3,648</u>	<u>5,070</u>
		<u>15,138</u>	<u>12,037</u>
NET CURRENT LIABILITIES		<u>(3,106)</u>	<u>(1,278)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,376</u>	<u>3,712</u>
Loans falling due after more than one year	13	1,250	1,251
Taxation falling due after more than one year		-	781
Deferred taxation	14	<u>161</u>	<u>295</u>
		<u>1,411</u>	<u>2,327</u>
NET ASSETS		<u>2,965</u>	<u>1,385</u>
CAPITAL AND RESERVES			
Called up share capital	15	500	500
Revaluation reserve	16	2,005	436
Profit and loss account	16	<u>460</u>	<u>449</u>
		<u>2,965</u>	<u>1,385</u>

The accounts on pages 4 to 12 were approved by the board of directors on 14 November 1989.

A. JESSUP)
R.L. JOSEPH) Directors

JESSUPS MOTOR GROUP LIMITED

SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31 AUGUST 1989

	1989 £'000s	1988 £'000s
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	1,425	2,114
Extraordinary item before taxation	(323)	-
Adjustment for items not involving the movement of funds:		
Depreciation on tangible fixed assets	<u>226</u>	<u>221</u>
Total generated from operations	1,328	2,335
Funds from other sources:		
Sale of tangible fixed assets	685	69
Taxation received	<u>27</u>	<u>0</u>
	<u>2,040</u>	<u>2,404</u>
APPLICATION OF FUNDS		
Additions to tangible assets	1,816	764
Loan repayments	21	53
Dividends paid	831	145
Revaluation expenses	18	-
Taxation paid	<u>-</u>	<u>388</u>
	<u>2,686</u>	<u>1,350</u>
	<u>(646)</u>	<u>1,054</u>
MOVEMENT IN WORKING CAPITAL		
Increase in stocks	674	730
(Decrease)/Increase in vehicle deposits	(263)	93
Increase in debtors	676	516
Increase in amount owing to group companies	2,208	3,543
(Decrease)/Increase in vehicles on short term hire	(452)	410
(Increase) in creditors	(334)	(261)
Movement in net liquid funds:		
(Decrease) in bank balances	<u>(3,155)</u>	<u>(3,977)</u>
	<u>(646)</u>	<u>1,054</u>

JESSUPS MOTOR GROUP LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts are prepared on the historical cost basis of accounting modified to include the revaluation of certain assets.

TURNOVER

Turnover represents the invoiced value of net sales to third parties, excluding car tax and value added tax.

DEFERRED TAXATION

Provision is made for deferred taxation at anticipated future rates on timing differences between the treatment of certain items for accounts and taxation purposes where it is probable that a corporation tax liability will arise in the foreseeable future.

DEPRECIATION OF TANGIBLE FIXED ASSETS

1. No depreciation is provided on freehold land and buildings. The buildings were professionally revalued as at 31 August 1989 and are maintained to a high standard in order to attract business.
2. Leasehold land and buildings are amortised over the period of the lease.
3. Plant, furniture, equipment and fixtures and fittings are depreciated on a straight line basis at rates varying between 10% and 25% in order to write the assets off over their estimated useful life.

VEHICLES ON SHORT TERM HIRE

These are depreciated by reference to their market valuation at the balance sheet date.

STOCKS

Stocks, which include work in progress, have been valued at the lower of cost and net realisable value.

JESSUPS MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS

	1989 £'000s	1988 £'000s
1. OTHER OPERATING EXPENSES (net)		
Distribution costs	180	169
Administration expenses	<u>1,976</u>	<u>1,861</u>
Other operating income	<u>2,156</u>	<u>2,030</u>
	<u>1,559</u>	<u>1,304</u>
	<u>597</u>	<u>726</u>
2. INTEREST PAYABLE		
- On holding company loans repayable within five years, not by instalment	1,128	621
- On other loans repayable within five years, not by instalment	<u>154</u>	<u>97</u>
	<u>1,282</u>	<u>718</u>
3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit before taxation is stated after charging:		
Depreciation charge for the year	226	221
- tangible assets	<u>30</u>	<u>20</u>
Auditors' remuneration		
4. TAXATION		
U.K. corporation tax at 35%	583	781
Current	<u>(56)</u>	<u>(38)</u>
Deferred	527	743
(Over)/under provision in respect of prior years	(14)	3
Current	<u>-</u>	<u>45</u>
Deferred	<u>513</u>	<u>791</u>
5. EXTRAORDINARY ITEM		
Costs arising on the disposal of Skelmersdale Dealership	323	-
U.K. Corporation tax at 35%	(44)	-
Current	<u>(78)</u>	<u>-</u>
Deferred	<u>201</u>	<u>-</u>
6. EMPLOYEES		
Staff costs during the year:		
Wages and salaries	4,412	3,990
Social security costs	<u>372</u>	<u>313</u>
Pension costs	<u>192</u>	<u>178</u>

The average weekly number of persons employed by the company during the year was 445 (1988 - 450).

The number of employees whose remuneration exceeded £30,000 (excluding pension contributions and including performance related bonuses), was as follows:

	1989	1988
30,001-£35,000	8	3

JESSUPS MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS (continued)

7. DIRECTORS' REMUNERATION

All directors are also directors of the ultimate holding company, Jessups p.l.c. and their emoluments are shown in the accounts of that company.

8. DIVIDEND

	1989 £'000s	1988 £'000s
Proposed Final Dividend	<u>700</u>	<u>831</u>

9. TANGIBLE ASSETS

Freehold Land and Buildings £'000s	Leasehold Land and Buildings £'000s	Plant and Equipment £'000s	1989 Total £'000s	1988 Total £'000s
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COST OR VALUATION

1 September 1988	3,663	528	1,757	5,948	5,334
Additions	1,207	72	537	1,816	764
Transfer between categories	518	0	(751)	(233)	0
Revaluation	<u>1,587</u>	<u>0</u>	<u>0</u>	<u>1,587</u>	<u>0</u>
	6,975	600	1,543	9,118	6,098
Disposals	62	448	428	938	150
31 August 1989	<u>6,913</u>	<u>152</u>	<u>1,115</u>	<u>8,180</u>	<u>5,948</u>

DEPRECIATION

1 September 1988	0	17	941	958	818
Charge for the year	0	10	216	226	221
Transfer between categories	0	0	(233)	(233)	0
	0	27	924	951	1,039
Elimination in respect of disposals	0	0	253	253	81
31 August 1989	<u>0</u>	<u>27</u>	<u>671</u>	<u>698</u>	<u>958</u>

NET BOOK VALUE

31 August 1989	<u>6,913</u>	<u>125</u>	<u>444</u>	<u>7,482</u>	<u>4,990</u>
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Cost or valuation
at 31 August 1989
is represented by:

Valuation in 1989	6,485	0	0	6,485	2,774
Cost	<u>428</u>	<u>152</u>	<u>1,115</u>	<u>1,695</u>	<u>3,174</u>
	<u>6,913</u>	<u>152</u>	<u>1,115</u>	<u>8,180</u>	<u>5,948</u>

Land and buildings at net book value comprise:

Freehold	6,913	3,613
Long leaseholds	72	448
Short leaseholds	<u>53</u>	<u>62</u>
	<u>7,038</u>	<u>4,123</u>

The accounting policy of the group is not to provide depreciation on freehold buildings as required by SSAP 12. Had such depreciation been provided the effect on the profit for the year and on the capital and reserves of the company at 31 August 1989 would not have been material. All of the freehold properties, except those acquired in July 1989 at a cost of £428,000, were revalued as at 31 August 1989 by Richard Ellis, Chartered Surveyors. These valuations have been incorporated into the Accounts and have been carried out on an open market basis to reflect their existing use in the business. If the freehold land and buildings had not been revalued they would have been included at a cost of £4,533,000 (1988 - £2,851,000).

JESSUPS MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS (continued)

10. STOCKS	1989 £'000s	1988 £'000s
New vehicle stock	1,162	531
Used vehicle stock	2,429	2,395
Parts stock	958	936
Other stock and work in progress	<u>34</u>	<u>47</u>
	<u>4,583</u>	<u>3,909</u>
 11. DEBTORS		
Amounts falling due within one year:		
Vehicles	2,726	2,007
Parts, service other trading debts	1,138	1,242
Other prepayments and misc. debts	<u>289</u>	<u>228</u>
	<u>4,153</u>	<u>3,477</u>
 12. CREDITORS		
Amounts falling due within one year:		
Taxation and social security payable	137	285
Vehicle creditors	1,378	1,360
Accruals and other creditors	1,707	1,243
Corporation tax	<u>1,524</u>	<u>191</u>
	<u>4,746</u>	<u>3,079</u>
 13. LOANS		
Falling due within one year	-	20
Falling due after one year	<u>1,250</u>	<u>1,251</u>
	<u>1,250</u>	<u>1,271</u>
 Amounts falling due wholly within five years	-	20
Amounts repayable other than by installment, falling due after five years	-	1
Amounts repayable other than by installment to holding company falling due after five years	<u>1,250</u>	<u>1,250</u>
	<u>1,250</u>	<u>1,271</u>

JESSUPS MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS (continued)

14. DEFERRED TAXATION

	1989 £'000s	1988 £'000s
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Allowances for tangible fixed assets exceeding depreciation	<u>161</u>	<u>295</u>
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Movement of deferred taxation in the year is as follows:

At 1 September 1988	295	288
Transfer from Profit & Loss	(134)	7
At 31 August 1989	<u>161</u>	<u>295</u>

15. SHARE CAPITAL	1989		1988	
	NO.	£	NO.	£
Ordinary shares of £1 each				
Authorised	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and Fully Paid	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

16. RESERVES	REVALUATION £'000s	DISTRIBUTABLE £'000s	TOTAL £'000s
At 1 September 1988	436	449	885
Revaluation surplus	1,569	0	1,569
Retained profit for year	<u>0</u>	<u>11</u>	<u>11</u>
At 31 August 1989	<u>2,005</u>	<u>460</u>	<u>2,465</u>

17. CAPITAL COMMITMENTS	1989 £'000s	1988 £'000s
Capital expenditure that has been contracted for but has not been provided for in the accounts	20	120
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>-</u>	<u>375</u>

JESSUPS MOTOR GROUP LIMITED

NOTES TO THE ACCOUNTS (continued)

18. CONTINGENT LIABILITIES

The company has given unlimited guarantees concerning overdrafts incurred by other companies in the group. At 31 August 1989 those overdrafts amounted to £760,000 (1988 - £1,053,000).

The company has a contingent liability for the outstanding value added tax balance of the other companies in the group amounting to £474,000 (1988 - £320,000).

19. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Jessups p.l.c., a company incorporated in England.

20. OVERDRAFT

The Company's overdraft is secured by charges over the tangible fixed assets.

21. PENSION COMMITMENTS

The Jessups group operates a Life Assurance and Pension scheme providing benefits based on final pensionable pay and the company is a member of the scheme. The assets of the scheme are held separately from those of the group, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives within the group, taking account of benefit improvements currently under discussion. The contributions are determined by the directors on the basis of actuarial advice. Actuarial valuations are carried out at three yearly intervals. The most recent valuation was as at 31 April 1989 and showed a funding level at that date of 107%. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rate of 3% per annum.

The pension charge for the year is shown in note 6 of these accounts. The company contributes 6.9% of pensionable earnings of the members. The member contributes 4%.